UNIVERSITY OF TARTU

Faculty of Social Sciences

School of Economics and Business Administration

Jiya Rahul Sheth

CONSEQUENCES OF GREENWASHING IN FINANCIAL INSTITUTIONS: THE CASE OF DEUTSCHE BANK'S SUBSIDIARY DWS GROUP

Bachelor Thesis

Supervisor: Lecturer Mark Kantšukov

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I have written this Bachelor Thesis independently. Any ideas or data taken from other authors or other sources have been fully referenced.

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Introduction

Greenwashing is a deceptive practice where companies mislead consumers into thinking that their products are environmentally friendly through unclear labels and marketing tactics (Durmuş Şenyapar, 2024). This form of false advertising manifests in various ways, including green operations, green marketing, and visual representation. As consumer interest in environmental and ethical practices has increased, businesses are under growing pressure to adopt more sustainable practices (Szabo & Webster, 2021).

Recently, many financial institutions have faced accusations of greenwashing—misleading the public about the true extent of their environmental commitments. Deutsche Bank, a major financial institution, has made prominent claims regarding its sustainability efforts (Deutsche Bank, 2022). Most notably, the bank has committed to providing €500 billion in sustainable financing and investments between 2020 and 2025, a target it aims to achieve through a combination of green bonds, sustainability-linked loans, and ESG-related investment products (Deutsche Bank, 2024b, p. 2). However, questions have arisen about the authenticity of these claims, particularly in light of the bank's market performance during key events.

Headquartered in Berlin, Deutsche Bank was established in 1870 and covers various services like investment and private banking, asset management, wealth management, and retail banking, among cross-border-related services (Deutsche Bank, 2022). It is considered Germany's largest financial institution by total assets, reporting revenues of €28.9 billion in 2023, supported by strong performance in investment banking and €40 billion in new asset inflows (Deutsche Bank, 2024a). Its Common Equity Tier 1 (CET1) ratio of 13.7% further reflects its financial stability and market leadership (Deutsche Bank, 2024a).

The choice of Deutsche Bank as a case study is driven by its dual role as a global financial leader and its involvement in high-profile greenwashing allegations, particularly within its subsidiary, DWS. The bank's ambitious sustainability targets and commitment to sustainable financing make it an ideal candidate for examining the gap between corporate claims and actual practices. Given its prominent position in the financial sector, Deutsche Bank's actions significantly influence market behavior, making it crucial for analyzing the impact of greenwashing on various factors. Over the past two decades, the bank has faced scrutiny for multiple allegations of financial and non-financial misconduct, including issues like sanitation, cartelization, and deforestation, which have serious environmental and social consequences (U.S. Securities and Exchange Commission, 2023). These controversies affect

stakeholders and pose risks to the bank's financial stability and reputation. This study focuses on the period between 2021 and 2024.

This thesis aims to uncover the internal drivers of greenwashing at Deutsche Bank's subsidiary, DWS Group, in order to provide insights into their origins and potential mitigation strategies. While greenwashing has been extensively studied across various industries, limited attention has been given to how such practices emerge within financial institutions, particularly in relation to financial products and broader corporate sustainability claims. Although greenwashing scandals are not uncommon, the case of Deutsche Bank's subsidiary DWS exhibits distinct characteristics that make it especially relevant for closer examination. These include the involvement of a whistleblower from the bank's ESG team, regulatory investigations in both Europe and the United States, and significant implications for the bank's reputation and governance. These elements position the case as a valuable lens for understanding how greenwashing occurs in the financial sector, the internal and external drivers behind such behavior, and institutional responses to exposure. This study seeks to address the gap in the literature by examining the events that led to the exposure of greenwashing at Deutsche Bank, identifying the key drivers behind it, exploring the actions taken by the bank and regulators, and analyzing the long-term effects on the bank's sustainability strategy, policies, and reputation. The findings will contribute to a more nuanced understanding of greenwashing in the financial sector and its broader implications for sustainability governance.

To achieve the research aim, the following research tasks have been set:

- to examine the significance of greenwashing in banks and financial institutions, including its key consequences;
- to explore strategies that banks and financial institutions can use to detect and prevent greenwashing and mitigate its aftermath;
- to provide an overview of existing literature on greenwashing in financial institutions, identifying key findings and research gaps;
- to conduct interviews with journalists, and a sustainability expert regarding factors contributing to greenwashing at Deutsche Bank and its broader implications;
- to conduct a thorough comparison of expert perspectives and synthesize insights on Deutsche Bank's greenwashing case;
- to discuss the findings and derive well-founded conclusions.

The target audience for this study includes financial institutions, regulators, industry professionals, and stakeholders interested in corporate transparency and sustainability practices

within the financial sector. The findings will be relevant to those seeking to understand how greenwashing scandals unfold, how financial institutions respond to such allegations, and what lasting consequences they face. This research provides insights into the role of regulatory bodies, media scrutiny, and stakeholder reactions in shaping a bank's response to greenwashing. Additionally, it highlights key lessons from the Deutsche Bank case, offering guidance for financial institutions on mitigating reputational risks and strengthening sustainability commitments.

This thesis is structured into two main Chapters: the theoretical and empirical part. The first chapter examines greenwashing, focusing on its significance in the financial sector, including definitions, categories, consequences, and preventative strategies. Each subchapter contributes to the theoretical foundation that supports the empirical analysis.

The second chapter presents the empirical analysis of Deutsche Bank's greenwashing case. The first subchapter outlines the methodology and data sources, including company reports, media investigations, and interviews with journalists. The second subchapter discusses the internal factors leading to the greenwashing, while the final subchapter evaluates expert perspectives on corporate transparency and sustainability, relating the findings to existing research to better understand the financial and reputational consequences of greenwashing.

Finally, the author would like to express sincere gratitude to her supervisor, Lecturer Mark Kantšukov, for the invaluable guidance and continuous support throughout the process of writing this thesis. The supervisor's expertise and encouragement have greatly contributed to the successful completion of this thesis.

KEYWORDS: Greenwashing, sustainability, Deutsche Bank, financial institutions, communication, reputation, transparency, accountability.

1. Greenwashing in Financial Institutions: Theoretical Perspectives and Literature Review

1.1. Understanding the Causes and Implications of Greenwashing in Financial Institutions

Greenwashing in the financial sector involves financial institutions such as banks, asset managers, hedge funds, insurance companies, and other market participants like rating agencies, which influence perceptions of environmental, social, or sustainable responsibility through marketing communications related to their financial products and services. These communications often aim to convince investors, stakeholders, and society that the underlying investments and business operations align with sustainability objectives (Teichmann et al.,

2023). However, such claims are often misleading or unsubstantiated, failing to reflect the true nature of the investments or operations.

Based on the author's research, this misrepresentation takes various forms, with financial institutions engaging in different types of greenwashing practices to create a false sense of sustainability. Drawing from sources like Taylor (2024), Asesoria Group Limited (2024), and Peck (2025), the author has compiled these various forms and categorized them as seen in Table 1. The definitions highlight how these tactics manifest in the financial sector, where marketing strategies are employed to exaggerate or misrepresent sustainability efforts.

Table 1

Definitions of Different Forms of Greenwashing

Greenwashing Type	Definition
Green-hushing	The act of deliberately downplaying or withholding information about sustainability efforts to avoid scrutiny or accusations of greenwashing.
Green-imagery	The strategic use of eco-friendly visuals, colors, or symbols in branding and marketing to evoke an impression of environmental responsibility without substantive sustainable practices.
Green-labelling	The use of vague or uncertified environmental labels and certifications to imply sustainability where there may be none.
Green-lighting	Highlighting a single environmentally friendly feature or initiative to divert attention from overall unsustainable practices.
Green-rinsing	Repeatedly revising or resetting sustainability targets without achieving them, creating the illusion of progress.
Green-shifting	Shifting responsibility for environmental impact onto consumers or stakeholders instead of addressing internal shortcomings.
Green-crowding	Hiding behind collective industry actions or pledges to avoid individual accountability or bold commitments.

Source: Compiled by the author based on Taylor, 2024; Asesoria Group Limited, 2024; Peck, 2025.

These various types of greenwashing reflect more than just strategic marketing decisions—they emerge from deeper systemic and institutional forces that shape behavior across the financial industry. To fully understand why greenwashing persists in financial

institutions and how it operates at multiple levels, it is essential to look beyond the surface of communication tactics and consider the broader ecosystem in which these behaviors are embedded.

The Figure 1 below, adapted from Delmas & Burbano (2011) and modified by the author to reflect the specific realities of the financial sector, offers a conceptual framework for analyzing the causes of greenwashing. It maps the interplay of drivers across four distinct yet interconnected levels: market, non-market, organizational, and individual. Together, these levels illustrate how greenwashing is not merely an ethical failure but a structural issue with deep roots in the design and operation of financial systems.

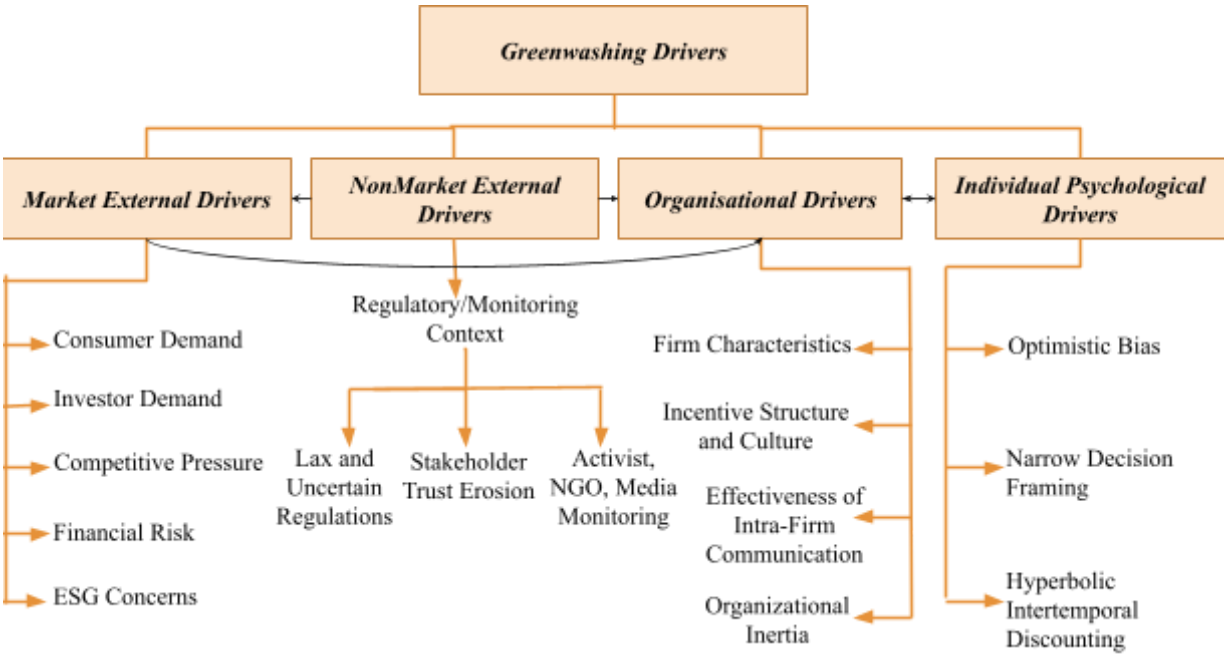

Figure 1 *Drivers of Greenwashing*

Source: Compiled by the author based on Delmas and Burbano (2011)

At the **market level**, competitive pressures compel financial institutions to cater to investor demand for ESG-aligned products. Sustainability has become a selling point, and in many cases, a commercial necessity. The desire to secure capital flows encourages the presentation of portfolios, loans, or funds as “green” or “sustainable,” even when these claims are based on loosely defined or selectively applied criteria (Dempere et al., 2024). Inadequate regulatory definitions allow this behavior to go unchecked, creating a fertile environment for greenwashing to thrive (Kurpierz & Smith, 2020). Additionally, financial markets often prioritize short-term gains over long-term sustainability outcomes, leading to incentives that favor image over substance.

In the **non-market realm**, regulatory gaps and fragmented oversight structures exacerbate the issue. Although there has been growing momentum around sustainable finance regulation, implementation remains uneven and enforcement weak. The absence of uniform reporting standards and legally binding ESG disclosure obligations allows institutions to exploit ambiguity (Teichmann et al., 2023). Some firms may even relocate disclosure activities to jurisdictions with less stringent requirements, avoiding regulatory scrutiny without necessarily improving actual sustainability performance. This lack of accountability contributes to a situation in which bold climate claims can be made without corresponding operational changes—eroding both market integrity and public trust.

Internally, **organizational dynamics** play a pivotal role in reinforcing these patterns. Sustainability is often not embedded into core financial decision-making processes but relegated to public relations, investor relations, or CSR departments. The structural separation of ESG from risk and return assessments creates inconsistencies between how firms present themselves externally and how they operate internally. Furthermore, when leadership focuses on brand optics and performance metrics over genuine environmental or social responsibility, greenwashing becomes institutionalized. In such contexts, employees may face implicit pressure to prioritize messaging over action, perpetuating a disconnect between public commitments and internal practices.

At the **individual level**, behavioral and psychological factors contribute to the normalization of greenwashing. Many actors within financial institutions may not see themselves as complicit in deception. Instead, they operate under the belief that they are supporting sustainability through whatever means are available. Cognitive dissonance, groupthink, and social desirability bias create an environment where critical reflection is suppressed. Career incentives further complicate this, as professionals are rewarded for maintaining the appearance of alignment with sustainability trends, even when those appearances lack substance. Over time, these individual behaviors aggregate into organizational routines and industry norms that reinforce superficial sustainability practices.

Understanding these drivers is essential because greenwashing has significant implications not just for financial markets but for society at large. It poses a fundamental challenge to the legitimacy of sustainable finance. When institutions misrepresent their environmental and social performance, it distorts capital allocation—channeling funds away from genuinely sustainable businesses and projects toward those that are merely adept at storytelling. This misdirection reduces the effectiveness of financial markets in supporting a transition to a low-carbon, inclusive economy.

Moreover, greenwashing contributes to public disillusionment. As high-profile scandals and investigations reveal discrepancies between corporate promises and actual outcomes, confidence in sustainability frameworks weakens (Aji & Sutikno, 2015). Stakeholders—including investors, regulators, and citizens—become skeptical of ESG claims, which undermines efforts to build broad-based support for sustainability (Schumacher, 2023). This skepticism can spread across sectors, creating reputational spillovers that damage even those institutions pursuing authentic change.

The consequences of unchecked greenwashing extend beyond reputation and market dynamics, they carry real-world implications for environmental and social progress. False sustainability claims slow the rate of decarbonization, perpetuate harmful business practices, and delay meaningful regulatory reforms (Dempere et al., 2024). In doing so, greenwashing not only weakens the financial system's ability to act as a force for good but also exacerbates systemic risks associated with climate change, inequality, and resource depletion (De Silva Lokuwaduge & De Silva, 2022). These consequences can be summarised in Table 2 below, which outlines the main outcomes of unchecked greenwashing in the financial sector as derived from the literature.

Table 2

Consequences of Greenwashing

Category	Consequence
Market Distortion	Misallocation of capital toward misleading ESG products rather than genuinely sustainable investments.
Loss of Legitimacy	Undermines the credibility and trustworthiness of sustainable finance frameworks.
Investor Misinformation	Deprives investors of accurate information, impairing decision-making and risk evaluation.
Public Disillusionment	Reduces stakeholder trust due to scandals, media exposés, and unfulfilled ESG promises.
Regulatory Avoidance	Exploits gaps in ESG definitions, standards, and enforcement across jurisdictions.
Weakened ESG Impact	Slows decarbonization and delays solutions to environmental and social challenges.
Systemic Risk	Increases long-term risks tied to climate change, inequality, and natural resource depletion.
Reputational Spillover	Damages the credibility of the financial sector as a whole, even affecting firms with genuine ESG practices.
Investor Confusion	Complex ESG products and inconsistent reporting reduce transparency and comparability.
Ethical Degradation	Normalizes misleading practices across institutions and individual actors.
Media and Regulatory Backlash	Leads to negative publicity, investigations, and intensified shareholder activism.

Source: Compiled by the author

As seen in Table 2, the repercussions of greenwashing are multidimensional—affecting not only investors and institutions but also the broader societal push toward sustainability.

Despite the increasing emphasis on sustainability, environmental externalities generated by financial institutions remain inadequately addressed (Teichmann et al., 2023). Marketed ESG products frequently fail to neutralize or compensate for these externalities, undermining the collective interest of investors and society. This disconnect further erodes trust and diverts resources from truly sustainable initiatives (Kurpierz & Smith, 2020).

A critical factor in this erosion is the complexity of ESG products themselves. Green bonds, ESG funds, and impact investments are often difficult for retail investors to evaluate

due to a lack of standardized metrics and inconsistent reporting (Dempere et al., 2024). This enables institutions to exaggerate their sustainability credentials without facing immediate consequences, making it harder for investors to distinguish between authentic and superficial ESG offerings (Schumacher, 2023).

The competitive landscape also plays a role. As ESG investing gains popularity, firms may be tempted to portray themselves as more sustainable than they truly are to attract capital (Aik, 2024). This focus on perceived sustainability can overshadow the tangible efforts needed to address environmental and social issues.

Media scrutiny amplifies these problems by spotlighting discrepancies between sustainability claims and actual practices. Investigative journalism and social media platforms often expose greenwashing, triggering public backlash, regulatory investigations, and shareholder activism (Bowen & Aragon-Correa, 2014). These revelations increase pressure on firms to revise their ESG strategies, enhance transparency, and implement stronger governance structures (Bellucci et al., 2024).

Ultimately, greenwashing is not a temporary market distortion or a mere communications issue—it is a structural and ethical failure with lasting implications. Addressing it requires more than improved branding guidelines or stricter disclosures. It demands a transformation in how financial institutions define, measure, and integrate sustainability into their core operations. Until these underlying drivers are addressed, greenwashing will remain a persistent and damaging feature of financial capitalism.

1.2. Strategies for Detecting and Preventing Greenwashing in Financial Institutions

Building on the governance challenges identified in the previous section, preventing greenwashing in financial institutions requires a comprehensive strategy that incorporates strong governance frameworks, enhanced transparency, and long-term sustainability commitments. As highlighted earlier, greenwashing is often the result of governance failures, including weak corporate oversight, ineffective risk management, and a lack of accountability (Keerthi, Lakshmi, Ajay, & Manoharan, 2024). Therefore, financial institutions must address these gaps to mitigate the risk of deceptive ESG practices.

A foundational strategy for preventing greenwashing is ensuring that sustainability claims are not merely surface-level but are supported by verifiable actions. Firms must align their ESG goals with their business strategies, ensuring that these goals are measurable and achievable, rather than pursuing short-term financial gains at the expense of genuine sustainability (Ghitti, Gianfrate, & Palma, 2020). One key prevention tactic, as suggested by the author, is to rigorously screen investments based on comprehensive ESG criteria. By

integrating ESG considerations into the investment decision-making processes, financial institutions can reduce the likelihood of supporting companies that engage in greenwashing.

In terms of governance, a robust framework is essential in ensuring the authenticity of sustainability claims. As discussed in the previous chapter, establishing independent ESG committees can help ensure that sustainability initiatives are genuinely aligned with the organization's business strategy. These committees, which should have the authority to challenge and validate sustainability claims, are integral in ensuring that claims are not merely performative but substantiated by concrete actions (Tian & Niu, 2024). Furthermore, linking executive compensation with actual, verified ESG performance is a crucial strategy to encourage commitment to sustainability goals and prevent misleading claims.

Building sustainability expertise within financial institutions is also vital. As ESG issues become more complex, firms must invest in training programs to ensure that decision-makers at all levels understand the risks associated with greenwashing and the importance of accurate, transparent ESG reporting (Schumacher, 2023). This ensures that sustainability is embedded into the firm's operations, rather than simply being a regulatory requirement.

A key prevention strategy mentioned earlier is the implementation of independent ESG audits, which serve as a vital tool for verifying the authenticity of sustainability claims. Engaging independent auditors to review ESG disclosures helps ensure that firms are not misrepresenting their sustainability efforts. As regulatory bodies continue to emphasize third-party verification, financial institutions that adopt these practices can stay ahead of evolving regulatory expectations and mitigate the risk of greenwashing.

In addition to internal strategies, regulatory frameworks play an important role in curbing greenwashing. A notable regulation is the Sustainable Finance Disclosure Regulation (SFDR), which mandates that financial institutions disclose how they consider ESG risks in their investment processes. By requiring firms to provide detailed information about their sustainability practices, the SFDR enhances transparency and helps prevent misleading claims. This regulation supports the prevention of greenwashing by making it harder for firms to make unsubstantiated ESG claims and ensures more consistent reporting across the sector (Ramani & Ward, 2019).

To provide a clearer overview of the strategies for preventing greenwashing in financial institutions, Table 3 below summarizes the key approaches and their components. These strategies, when adopted, can help reduce the risk of misleading ESG claims and enhance the effectiveness of sustainability efforts.

Table 3

Key Strategies for Preventing Greenwashing in Financial Institutions

Strategy	Description	Key Actions
Strengthening Governance Frameworks	Establish strong oversight to ensure authenticity of sustainability claims.	Create independent ESG committees with authority to validate sustainability claims.
Aligning ESG Goals with Business Strategy	Ensure sustainability goals are measurable and integrated into business strategies.	Set measurable, achievable ESG goals and integrate them into long-term financial planning.
Screening Investments Based on ESG Criteria	Conduct thorough ESG due diligence in investment decisions.	Evaluate potential investments using comprehensive ESG criteria to avoid supporting greenwashing.
Linking Executive Compensation to ESG Performance	Tie executive incentives to verify ESG performance.	Design compensation structures that reward true sustainability achievements, not just claims.
Building Sustainability Expertise	Ensure decision-makers understand ESG risks and reporting requirements.	Offer training programs to enhance ESG knowledge across all levels of the organization.
Independent ESG Audits	Implement third-party verification of ESG disclosures.	Engage independent auditors to review and verify sustainability claims.
Compliance with Regulatory Frameworks	Ensure adherence to regulations like the SFDR for greater transparency.	Regularly report ESG practices as mandated by the SFDR and similar regulations.
Enhanced Transparency in Reporting	Improve the clarity and consistency of ESG disclosures.	Adopt standardized reporting mechanisms in line with industry regulations (e.g., SFDR).

Source: Compiled by the author

To illustrate the importance of independent verification and rigorous ESG auditing, Figure 2 below was compiled by the author to demonstrate the structured approach to ESG verification within financial institutions. This figure underscores how a combination of internal oversight, third-party audits, and standardized reporting mechanisms, such as those required under the SFDR, can help identify and prevent greenwashing. By adopting these measures, financial institutions can create a robust system of checks and balances that reduces the risk of misleading sustainability claims.

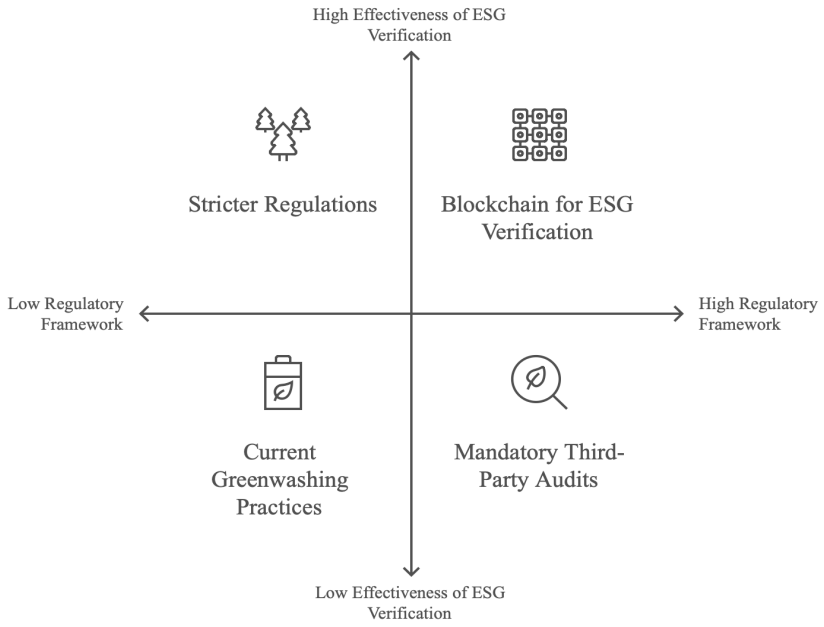

Figure 2 *Approaches to ESG verification and their effectiveness*

Source: Compiled by the author

As highlighted in the Drivers of Greenwashing figure (Delmas & Burbano, 2011), the pressures of increasing market demand for sustainability and the difficulty of achieving tangible environmental improvements can create a gap where firms are tempted to engage in greenwashing. The multi-faceted approach depicted in Figure 2 can effectively counteract these pressures by ensuring that sustainability commitments are not merely superficial but backed by verifiable actions and rigorous internal controls.

In conclusion, preventing greenwashing in financial institutions requires a proactive and integrated approach. By strengthening governance frameworks, ensuring robust ESG due diligence, and prioritizing transparency and stakeholder communication, financial institutions can reduce the risk of misleading sustainability claims and foster long-term investor confidence. This chapter has outlined the key strategies and tools, including regulatory frameworks like the SFDR, that financial institutions can adopt to detect and prevent greenwashing, directly contributing to the aim of this thesis: to examine how financial institutions can enhance transparency and accountability in their sustainability commitments to avoid the risks and consequences of greenwashing.

1.3. Review of Previous Studies

Greenwashing has garnered increasing attention in recent years, not only for its ethical implications but also for the significant legal and financial consequences it can have on companies. Several legal cases, particularly within industries such as banking, automotive, and textiles, illustrate how misleading environmental claims expose governance weaknesses and erode stakeholder trust. These studies and real-world cases provide a crucial foundation for analyzing Deutsche Bank's situation. However, a closer look reveals that the literature primarily addresses greenwashing's consequences, while the internal mechanisms that enable it remain underexplored—particularly within the context of large European financial institutions.

Table 4 presents a comparative analysis of key studies on greenwashing, offering a structured overview of their findings. It outlines the focus of each study, their key outcomes, and how these relate to Deutsche Bank's case, particularly in terms of governance, regulatory scrutiny, and reputational risk. This table not only contextualizes the research across different sectors but also serves as a framework for understanding how these findings contribute to the analysis of greenwashing in the banking industry.

Table 4

Comparative analysis of greenwashing studies and their key findings

Author(s) (Sector)	Study Focus	Key Findings	Relevance to Deutsche Bank Case
Branco & Rodrigues (2008) Various (general) sectors	Financial consequences of corporate greenwashing	Companies face long-term damage from reputational loss and regulatory fines, affecting stock prices.	Relevant for assessing how greenwashing harms credibility, increases compliance pressures, and demands stronger oversight.
Hannay (2022) Finance sector	Goldman Sachs ESG fund mislabeling	$4 million SEC fine for failing to establish proper ESG policies despite marketing funds as ESG-compliant.	Shows how procedural inadequacies and weak governance expose firms to regulatory action—parallels Deutsche Bank's case.
Rodríguez, Posada, & Ramírez (2023) Finance sector	BNY Mellon's ESG misrepresentation	Misleading ESG claims led to SEC sanctions; fund portfolios were marketed as ESG-oriented without proper vetting of actual holdings.	Demonstrates regulatory scrutiny over ESG fund labeling, underlining the importance of transparency and compliance in finance.
Lyon & Montgomery (2015) Automotive and oil sector	Corporate social responsibility and greenwashing	Greenwashing causes stock price volatility as investors react to environmental misrepresentation.	Explores how corporate governance shapes greenwashing risks and the need for strong ESG oversight to maintain trust.
Makortoff (2022) Finance sector	HSBC's misleading sustainability claims	Greenwashing led to a 3.5% drop in stock price following the ASA ruling, demonstrating market sensitivity.	Analyzes how misleading sustainability claims lead to reviews, scrutiny, and restructuring.

Source: Compiled by author

As the table illustrates, the studies cited offer valuable insights into the consequences of greenwashing, particularly in terms of reputational damage and regulatory sanctions. Lyon and Montgomery (2015) demonstrate how greenwashing undermines corporate credibility and triggers a "green reputation risk" that often results in stock price declines. Although their focus is on the automotive and oil industries, their findings are highly applicable to the financial

sector, where misleading sustainability claims can diminish investor confidence, ultimately affecting market value.

Further research by Keilmann & Koch (2024) emphasizes how such deceptive practices can significantly damage a company's reputation when exposed, a notion also supported by Santos et al. (2024), who discuss how greenwashing leads to perceived environmental performance issues and can even foster "brand hate." In the sustainable finance context, Dempere et al. (2024) argue that ambiguous language and irrelevant claims often result in altered investor behavior and decision-making. While these studies focus on the effects of greenwashing, they tend to overlook the internal mechanisms within firms that enable such practices to take root.

This study aims to address this gap by focusing on the internal governance structures, corporate communication strategies, and institutional pressures that contribute to greenwashing. Rather than solely examining investor reactions, the goal here is to investigate the factors that allow greenwashing to occur within financial institutions, using Deutsche Bank as a critical case study.

One relevant example is HSBC's misleading sustainability advertisements in 2022. The UK's Advertising Standards Authority (ASA) banned two of HSBC's advertisements for selectively highlighting its green initiatives while omitting its ongoing investments in fossil fuels (Makortoff, 2022). This selective representation of HSBC's environmental practices led to regulatory action and a decline in its stock price. After the ASA's ruling, HSBC's stock price dropped by 3.5%, showcasing the market's sensitivity to greenwashing allegations (Hodgson, 2022). Husted and Allen (2006) also note that banks engaging in greenwashing face heightened reputational risks, which directly affect stock performance. This insight suggests that Deutsche Bank could experience similar market reactions in light of its alleged greenwashing practices.

Comparable patterns emerge in the cases of Goldman Sachs and BNY Mellon. Hannay (2022) details how Goldman Sachs was fined $4 million for failing to establish proper ESG policies despite marketing its ESG fund as compliant. Rodríguez, Posada, and Ramírez (2023) show that BNY Mellon faced regulatory sanctions for overstating its ESG screening practices. Both cases highlight the regulatory risks associated with ESG misrepresentation, but they also point to the organizational factors that lead to these discrepancies, which remain insufficiently explored in existing literature. This study aims to investigate these underlying causes, such as procedural shortcomings, inconsistent communication, and governance failures.

Similarly, BNY Mellon Investment Adviser, Inc. was fined $1.5 million in 2022 for misstating ESG investment considerations in mutual fund prospectuses. The SEC found that

BNY Mellon had misrepresented its ESG screening process, creating serious concerns about internal controls, ESG governance, and compliance. This case resonates strongly with Deutsche Bank's situation, where ESG misrepresentation could similarly jeopardize governance and transparency, thereby attracting growing investor scrutiny (Rodríguez, Posada, & Ramírez, 2023).

Branco & Rodrigues (2008) discuss the financial consequences of corporate greenwashing, highlighting the long-term damage to stock prices caused by reputational loss and regulatory fines. They emphasize the need for transparent corporate governance to prevent such practices. These findings are particularly relevant to Deutsche Bank's case, where greenwashing could damage investor confidence, increase compliance pressures, and demand stricter oversight.

Another relevant case is that of Rio Tinto's destruction of Juukan Gorge in 2020, which led to widespread investor backlash and a sharp decline in stock value. Despite presenting itself as a sustainability leader, the company's actions contradicted its green image, resulting in a 5% drop in stock price (Wahlquist, 2020). This incident highlights how discrepancies between a company's stated sustainability goals and its actual practices can undermine investor confidence. For Deutsche Bank, this example serves as a pertinent comparison in assessing how greenwashing allegations could similarly affect its stock price and investor relations.

While existing studies shed light on the consequences of greenwashing, they often overlook the internal corporate dynamics, such as governance failures, weak ESG procedures, and communicative dissonance, that contribute to these issues. This study seeks to bridge this gap by examining how internal governance, communication strategies, and regulatory ambiguity intersect to enable greenwashing within Deutsche Bank. Through a qualitative case study approach and expert interviews, the research aims to uncover the factors that allow greenwashing to take root within financial institutions.

In conclusion, the theoretical chapter offers a comprehensive exploration of greenwashing, defining the term and analyzing its causes, including regulatory weaknesses, inconsistent ESG reporting, and market pressures. It also discusses the problems caused by greenwashing, such as reputational damage, investor distrust, and market instability. Additionally, the chapter outlines strategies to combat greenwashing, such as enhanced regulations, improved reporting standards, and more transparent corporate practices. The review of relevant studies provides a solid foundation for the subsequent empirical analysis of Deutsche Bank's DWS case, where the internal drivers of greenwashing will be explored in

detail, highlighting how governance and communication practices may have contributed to the issue.

2. Key Drivers of Greenwashing: A Case Study of Deutsche Bank's Subsidiary, DWS Group

2.1. Methodology and Data

The methodology for this thesis is designed to analyze how financial institutions, specifically Deutsche Bank, detect and prevent greenwashing, as well as how they cope with its aftermath. The research will specifically evaluate how failures in these areas led to greenwashing allegations, and the effects on its financial performance and market perception.

This thesis begins by outlining the data collection process, which includes expert interviews and secondary sources. Following this, the analytical approach is explained, focusing on how Deutsche Bank's detection mechanisms, response strategies, and changes in ESG communication are assessed in the context of the greenwashing allegations.

The data for this study consists of publicly available financial and corporate disclosures from Deutsche Bank, including sustainability reports, investor statements, and market analyses related to the greenwashing case. Additional data sources include industry reports, financial performance trends, and expert commentary on greenwashing.

The study relies on both primary and secondary data sources. The primary data is collected from interviews with journalists who covered the Deutsche Bank greenwashing case, offering insights into media narratives, investor reactions, and public sentiment.

Secondary data will consist of Deutsche Bank's ESG disclosures, financial statements, and public communications issued in response to greenwashing allegations. Additional sources include industry studies, academic literature, and expert analyses on corporate sustainability strategies. To systematically analyze the key research tasks, it is essential to outline the methodological approach used in this study. The following figure provides a structured breakdown of the key tasks required to achieve the research objectives, ensuring a clear roadmap for the analysis.

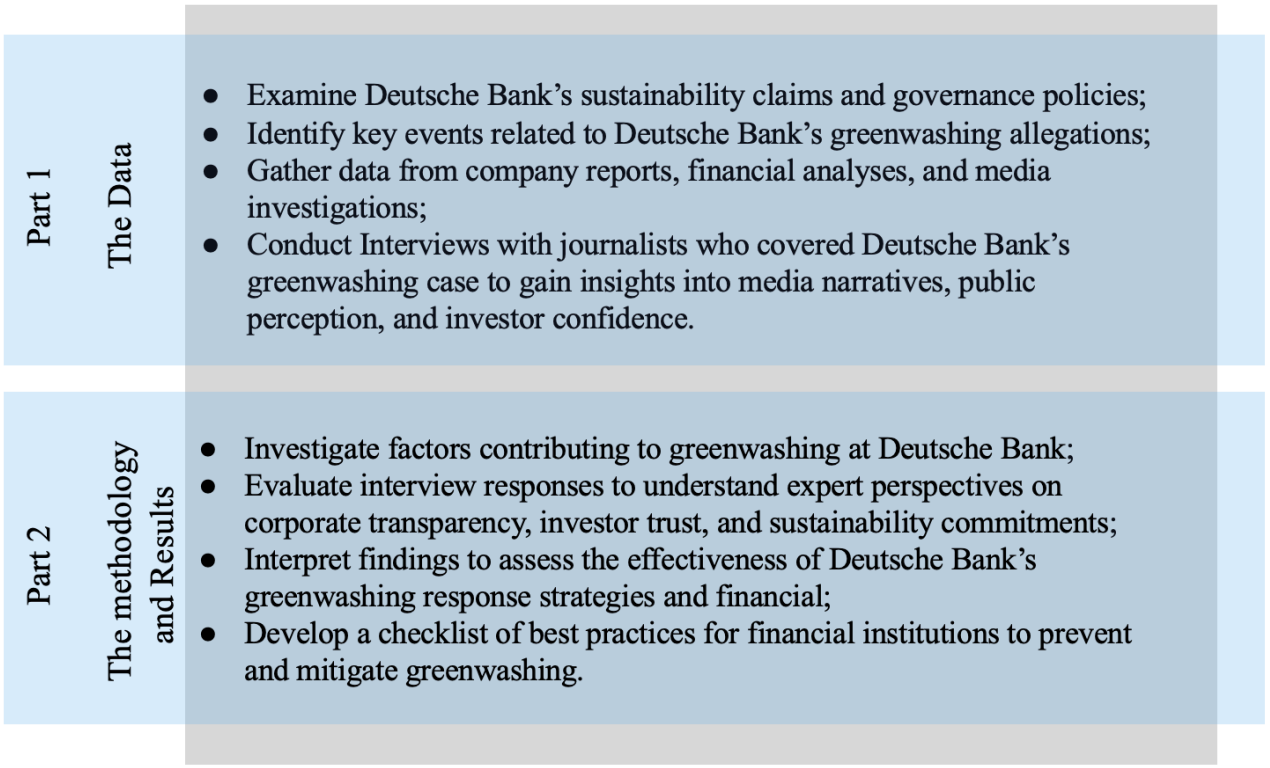

Figure 3 *The outline of tasks for achieving the aim of the thesis*

Source: Compiled by the author

The primary data from journalist interviews will provide insights into how the case unfolded publicly, the effectiveness of Deutsche Bank's response strategies, and shifts in investor confidence. These interviews will complement the secondary data by shedding light on how financial institutions navigate reputational risks associated with greenwashing.

The methodology follows these steps:

1. Data Collection: Gather data on Deutsche Bank's ESG reporting practices, greenwashing allegations from 2021 to 2024, and investor/market responses. Conduct interviews with journalists who have covered the case extensively.
2. Key Factor Identification: Identify the detection mechanisms Deutsche Bank used, as well as gaps that led to misleading sustainability claims.
3. Analysing Interviews: Evaluate journalist insights on Deutsche Bank's handling of the greenwashing scandal, media influence on public perception, and market reactions.
4. Response and Recovery Assessment: Analyze Deutsche Bank's corrective actions, including changes in ESG reporting, investor engagement strategies, and corporate sustainability commitments.

The interviews were scheduled and conducted via online communication platforms, primarily Zoom. In total, four expert interviews were carried out. Three of the interviewees

were journalists who had reported extensively on the Deutsche Bank greenwashing case, and one was a professional from Ernst & Young (EY) with expertise in corporate governance and sustainability practices.

Interviewees were selected based on their close involvement with the case—through investigation, reporting, or professional advisory roles. Their perspectives provide valuable insight into Deutsche Bank's communication strategies, regulatory responses, and internal governance processes.

The interviews cover a broad range of topics that illuminate various dimensions of the case. These include the interviewees' experience with the Deutsche Bank greenwashing controversy, highlighting context and background for the allegations. Discussions of sustainability communication and related red flags examine how corporate messaging may lead to public misperceptions.

Regulatory responses to greenwashing are addressed, offering insight into oversight effectiveness and gaps in current frameworks. The interviews also explore public perception and reputational challenges faced by Deutsche Bank and DWS, shedding light on market reactions and the erosion of trust.

Additionally, the uniqueness of this case is examined by identifying characteristics that set it apart from other greenwashing incidents. Governance and internal changes are discussed in relation to how Deutsche Bank adjusts its procedures and oversight mechanisms under scrutiny.

The interviews further delve into trust and stakeholder responses—particularly those of investors, customers, and regulators—and assess the intentions versus the execution of the bank's ESG goals, revealing inconsistencies between stated ambitions and actual implementation.

All interviews were conducted in English. With the participants' consent, the author recorded each interview session and later transcribed the material for analysis. The interview format was semi-structured, allowing for open-ended responses while keeping the discussion focused on key themes relevant to the research questions. Table 4 presents the length of each interview.

Table 5

Interview details

Interview	Interview Date	Interview Length
A - Journalist from Bloomberg	25.03.2025	24 minutes
B - Journalist from Bloomberg	12.04.2025	31 minutes
C - Journalist from BBC	15.04.2025	35 minutes
D - Sustainability expert from E&Y	30.04.2025	40 minutes

Source: Compiled by the author

The interviews lasted from 24 minutes to 40 minutes, with an average duration of approximately 32.5 minutes.

The author will analyse the interviews using thematic analysis, a qualitative research technique, identifies repeating themes and patterns in interviews, which leads to enhancing the understanding and quality of research outcomes (Aronson, 1995) to identify relevant insights, recurring perspectives, and emerging patterns. This method aims to deepen the understanding of the Deutsche Bank case and strengthen the overall quality of the research findings.

2.2. Deutsche Bank and DWS Group: Key Drivers Behind Greenwashing Allegations

DWS Group, the asset management subsidiary of Deutsche Bank, has been at the center of greenwashing allegations since 2021, when a whistleblower exposed alleged misrepresentation of its environmental, social, and governance (ESG) claims. These allegations triggered investigations from regulatory bodies such as the U.S. Securities and Exchange Commission (SEC) and the German financial regulatory authorities, BaFin, ultimately leading to substantial financial penalties and reputational damage for the firm.

This section explores the timeline of key events surrounding the greenwashing controversy, examining the factors that led to the allegations, the subsequent investigations, and their impact on DWS and its parent company, Deutsche Bank.

DWS Group was officially spun off from Deutsche Bank in March 2018 through an initial public offering (IPO) on the Frankfurt Stock Exchange. Deutsche Bank retained a majority share of 79.49%, positioning DWS as a prominent asset management firm with a strong emphasis on sustainable finance and Environmental, Social, and Governance (ESG) investing (Deutsche Bank, 2018).

DWS Group positioned itself as a leader in sustainable investing, claiming that over half of its $900 billion in assets under management were subject to ESG investment criteria. However, this claim was challenged by a whistleblower, Desiree Fixler, who served as the company's Global Head of Sustainability until March 2021. Fixler alleged that DWS was significantly overstating its ESG capabilities and had made misleading claims regarding the integration of ESG factors into its investment processes. (Miller, Flood, Mooney, & Morris, 2021)

In August 2021, The Wall Street Journal reported that U.S. authorities—including the SEC and the Department of Justice (DOJ)—had launched investigations into DWS over concerns that it had exaggerated the extent of its sustainable investing practices (Kowsmann, Ramey, & Michaels, 2021). Simultaneously, German regulator BaFin initiated its own inquiry into DWS and Deutsche Bank over potential violations of sustainable investment disclosure requirements. The accusations stemmed from Fixler's whistleblowing claims, which pointed to a mismatch between the firm's public ESG commitments and its internal risk management practices (Robinson & Baxter-Derrington, 2021).

During an interview, Fixler asserted that "there was a conscious choice to overstate ESG claims," arguing that the company had presented itself as a sustainability leader while its actual integration of ESG criteria into investment decisions was insufficient (Batchelor, 2023). This claim was particularly significant given the rising investor demand for transparency and integrity in ESG-related investments.

The whistleblower allegations prompted official investigations, and on August 26, 2021, German financial regulator BaFin, along with the SEC and DOJ, launched probes into DWS over potential greenwashing. The situation escalated further on May 31, 2022, when German authorities, including BaFin and the Frankfurt prosecutor's office, raided the offices of DWS and its parent company, Deutsche Bank, as part of their investigation (Goldschmidt & Frank, 2022).

In response to growing regulatory scrutiny, DWS CEO Asoka Woehrmann resigned in June 2022. He was replaced by Stefan Hoops, a long-time Deutsche Bank executive. The new leadership aimed to restore investor confidence and implement more robust ESG compliance measures.(DWS Group, 2022)

The regulatory investigations culminated in September 2023, when the SEC announced a $25 million settlement with DWS. This settlement included a $19 million fine for misrepresentations in its ESG disclosures and an additional $6 million for shortcomings in its anti-money laundering programs (U.S. Securities and Exchange Commission, 2023).

Despite the settlement, investigations continued into early 2024. On January 16, 2024, German authorities, in collaboration with the Federal Criminal Police Office, conducted additional raids on DWS, keeping the greenwashing allegations at the forefront of industry scrutiny (Reuters, 2024).

The factors contributing to the greenwashing controversy surrounding DWS were identified through a multi-faceted approach, drawing from a range of primary and secondary sources. Expert interviews with journalists and sustainability professionals provided invaluable insights into the specific elements at play. Journalists who extensively reported on the case highlighted the role of misleading sustainability claims and the failure to provide adequate transparency regarding ESG practices. Professionals from Ernst & Young (EY) pointed to internal resistance to fully embrace sustainability goals, as well as gaps in governance that allowed such claims to persist without proper oversight.

Additionally, the review of regulatory investigations into DWS revealed how inconsistencies in ESG reporting and the use of vague sustainability metrics triggered closer scrutiny from financial watchdogs. The lack of standardized ESG reporting guidelines allowed financial institutions, including DWS, to exaggerate their sustainability initiatives without facing immediate consequences, compounding the greenwashing issue. These investigations exposed the discrepancy between DWS's public commitments and the reality of their environmental practices, which was a key driver of the controversy.

Media reports, especially from reputable outlets, played a critical role in uncovering these discrepancies. Through investigative journalism, it became clear that DWS's marketing strategies were misaligned with the actual impact of their investments. The media's ability to amplify these discrepancies, paired with growing investor skepticism, led to heightened public scrutiny and increased regulatory investigations.

Moreover, academic research on greenwashing, particularly studies on financial institutions, reinforced these findings. Literature such as the work by Branco & Rodrigues (2008) and Makortoff (2022) pointed to the recurring challenges financial institutions face when balancing sustainability claims with their actual operations, including the lack of consistent reporting and the risk of market manipulation through misleading claims. This academic background provided further context to the internal and external factors fueling the greenwashing allegations.

In conclusion, the greenwashing controversy at DWS was primarily driven by internal organizational shortcomings. Key internal drivers included a disconnect between public ESG messaging and actual practices, resistance from within the firm to adopt ESG principles, a

leadership focus on image over substance, weak ESG governance, and a corporate culture resistant to change. These internal dynamics created an environment where sustainability claims were exaggerated without being meaningfully supported by internal practices. The main internal factors contributing to the controversy are summarized in Table 6 below.

Table 6

Factors Contributing to Deutsche Bank's Greenwashing Allegations

Factors	Description
Fragmented ESG Governance	ESG responsibilities were distributed across different departments without a clear, unified strategy. The lack of cross-functional coordination led to conflicting priorities and inconsistent execution of ESG initiatives.
Limited ESG Expertise	There was insufficient internal expertise on ESG matters, which contributed to inaccurate and overstated claims about the bank's sustainability practices.
Insufficient Oversight and Accountability	The internal governance and oversight mechanisms were weak, allowing misleading ESG claims to go unchecked. This lack of internal scrutiny enabled greenwashing to persist.
Corporate Culture and Resistance to Change	The organizational culture at DWS showed resistance to fully integrating ESG principles into daily operations. ESG initiatives were often seen as secondary or as a branding tool, rather than a fundamental part of the bank's operations.
Misalignment Between ESG Practices and Internal Operations	There was a disconnect between the internal operational capabilities and the external ESG claims. The ESG initiatives were often oversold without sufficient internal backing or alignment with day-to-day operations.

Source: Compiled by the author

The greenwashing allegations against DWS Group and its parent company, Deutsche Bank, have highlighted critical internal challenges that financial institutions face in upholding genuine ESG commitments. The case revealed how internal misalignment, weak governance structures, and a culture resistant to ESG integration can lead to misleading sustainability claims. Whistleblower Desiree Fixler's disclosures were central to exposing these internal discrepancies, emphasizing the importance of internal accountability and transparency. This case illustrates that without strong internal frameworks and a sincere commitment to sustainable practices, financial institutions risk undermining their credibility and damaging stakeholder trust.

In an attempt to mitigate the damage, Deutsche Bank initiated a series of corrective actions. These included a review of all DWS's ESG investment products and a public commitment to improve transparency. In the 2021 annual report, Deutsche Bank acknowledged the shortcomings in its ESG processes and outlined steps to ensure better alignment with sustainable finance standards moving forward.

"We recognize that there were discrepancies in how some of our products were marketed as sustainable, and we are taking immediate steps to address these issues. We are committed to restoring trust and improving the rigor of our ESG assessments." (Deutsche Bank, 2021)

Table 7

Corrective Actions by Deutsche Bank in Response to Greenwashing Allegations

Action Taken	Description	Implementation Date
ESG Review Committee Established	Formation of a new committee to review all ESG claims and align with international standards.	March 2021
ESG Product Audit	Independent third-party audit of all ESG-labeled investment products.	June 2021
Enhanced ESG Disclosure	Improved transparency in annual reports regarding ESG compliance.	October 2021

Source: Deutsche Bank Annual Report, 2021

Deutsche Bank also revamped its governance structure to include a new ESG committee responsible for overseeing sustainability practices across the organization. This move was part of a broader strategic effort to align its operations with environmental, social, and governance (ESG) standards amid growing regulatory and stakeholder pressure. The ESG committee plays a crucial role in integrating sustainability into the bank's decision-making processes, ensuring that climate and ethical considerations are reflected in both internal policies and external disclosures. By formalizing ESG oversight at the governance level, Deutsche Bank aimed to enhance transparency and accountability regarding its sustainability commitments.

2.3 Results and discussion

This chapter presents the findings of four interviews conducted as part of the empirical analysis of the greenwashing allegations involving Deutsche Bank's asset management arm, DWS. The purpose of this chapter is to deepen the understanding of internal drivers behind greenwashing practices within the financial sector, using DWS as a focal point. The expert

insights complement earlier theoretical discussions by providing practical, insider perspectives that reveal gaps between ESG narratives and actual corporate behavior.

- The structural and organizational factors enabling greenwashing at DWS
- Ambiguities in defining and measuring ESG
- The challenges faced by ESG teams within the bank
- The influence of marketing pressures on sustainability claims
- The impact of whistleblower actions in exposing greenwashing
- The erosion of stakeholder trust in ESG as a result of greenwashing

The structural and organizational factors enabling greenwashing at DWS. One of the central themes emerging from the interviews was the role that organizational structure at DWS played in creating an environment where greenwashing could not only thrive but also go unnoticed for an extended period. Interviewees frequently noted that, although DWS had a designated ESG department, its impact on strategic decision-making was marginal, with many regarding the ESG team's role as largely symbolic.

"The ESG team was seen as more of a box-ticking exercise. They didn't have a seat at the table when it came to key decisions about products or marketing." (Interviewee A)

This statement aligns with the findings of Lyon and Montgomery (2015), who argue that when ESG teams are isolated from core business functions, their ability to influence key strategic choices is severely limited. The marginalization of the ESG team at DWS is a classic case of organizational silos that exist within many financial institutions, where sustainability is often relegated to a compliance or marketing function rather than being integrated into the company's strategic vision. As a result, this disconnection allowed DWS to market products as ESG-compliant without fully meeting ESG standards, contributing to the greenwashing allegations that surfaced later.

However, not all interviewees agreed on the extent of this marginalization. Some participants pointed out that while ESG had limited influence, it was not entirely powerless. They indicated that internal pushback from certain individuals within the company was attempting to shift the focus to more sustainable practices, though this was not widely embraced at the top levels.

"I agree that ESG didn't have much influence at the decision-making level. But there were pockets of resistance within DWS. Some managers in the investment teams were pushing for more integration of sustainability in their portfolios, but it was more of a personal initiative than something led by the ESG department." (Interviewee B)

This view seems to suggest that while the formal organizational structure hindered ESG efforts, there were informal efforts to integrate sustainability into the firm's operations. This raises an important question: were these informal initiatives enough to make a difference, or did they merely highlight structural inefficiencies in the organization's ability to implement lasting change?

In contrast, Interviewee C argued that the lack of integration was not just an accident of poor organizational design but a strategic decision to limit ESG influence in favor of profitability.

"I believe that the leadership at DWS made a conscious decision to downplay the role of ESG. They saw it as a necessary evil, something to address only because of market demand, but not something that would disrupt their primary focus on returns." (Interviewee C)

This perspective aligns with Eccles & Klimenko's (2019) view that profit-driven motivations often conflict with the long-term nature of ESG goals. If, as Interviewee C suggests, DWS deliberately prioritized short-term profitability over long-term sustainability, this would indeed explain why ESG was marginalized within the organization. This underscores the tension between financial returns and sustainability that often leads to greenwashing, especially in financial institutions where the pressure for returns is constant.

To further deepen the discussion, it is essential to question whether this marginalization was simply a consequence of corporate culture or whether it was part of a larger, systematic failure to implement genuine sustainability practices. The argument put forth by Interviewee D, who worked closely with the ESG team, seems to suggest a more systemic issue that went beyond poor organizational structure.

"It wasn't just about having no seat at the table—it was about not being empowered to challenge decisions. When ESG did make recommendations, there were times when those were flat-out ignored in favor of more profitable options." (Interviewee D)

Interviewee D's statement points to a power struggle between ESG advocates and other departments such as marketing and investment teams that prioritize short-term returns. This situation reflects Bansal & Roth's (2000) argument about the need for strong corporate governance to align sustainability with profitability. Without executive-level support, the ESG team at DWS was disempowered, and their role became little more than a compliance formality, which allowed greenwashing to continue unchallenged.

In this case, it becomes clear that the structural constraints facing the ESG department were not accidental but were part of a larger corporate strategy that prioritized financial returns over sustainability, enabling greenwashing to continue.

The interviews suggest that DWS's organizational structure, characterized by isolated ESG functions, a lack of strategic inclusion, and limited empowerment, created fertile ground for greenwashing to persist. While some individual efforts toward genuine sustainability existed, they were largely undermined by systemic barriers and strategic choices that prioritized profitability. This structural marginalization was not merely accidental but part of a broader organizational logic that limited the influence of ESG values in core decision-making processes.

Ambiguities in defining and measuring ESG. In addition to structural shortcomings, another layer of complexity that emerged from the interviews was the definitional ambiguity surrounding ESG itself. While organizational design may have limited the ESG team's influence, the very concept of what constituted "environmental, social, and governance" standards within DWS was also deeply contested. Interviewees consistently pointed to confusion over how ESG was interpreted, evaluated, and communicated across different departments, highlighting not only an operational weakness but also a fundamental epistemic gap.

"*The problem wasn't just that DWS overclaimed; it was that the metrics themselves were not defined clearly. ESG means different things to different people within the company.*" (Interviewee C)

This observation aligns closely with the findings of Berg et al. (2022), who emphasize that the lack of standardized ESG metrics enables selective reporting and interpretation. In the case of DWS, the vagueness in definitions allowed internal departments to apply different criteria based on convenience or commercial objectives. ESG was not operationalized as a unified or coherent framework but rather functioned as a flexible label that could be retrofitted to justify product claims. As such, the ambiguity did not merely represent a technical oversight but served as a condition that enabled greenwashing to emerge more easily.

The variability in ESG interpretation was not limited to individual misunderstandings but reflected broader organizational inconsistencies. Interviewee A, for example, noted that ESG criteria were sometimes applied retroactively to funds that were never designed with sustainability in mind. Interviewee B described instances where fund documents referenced ESG principles vaguely, using language that appeared compliant without offering verifiable detail. These observations correspond with Christensen, Serafeim, and Sikochi's (2021) concept of "selective transparency," whereby firms disclose partial or symbolic information to appear accountable while concealing material weaknesses in their ESG performance.

However, the interpretation of this ambiguity varied depending on the interviewee's professional background. While journalists (Interviewees A–C) generally framed the definitional confusion as a mechanism for reputational management and risk evasion, the sustainability expert (Interviewee D) approached the issue as a symptom of structural limitations within the ESG field itself.

"*Even among sustainability professionals, there's disagreement on what counts as ESG. Without external benchmarks or regulatory alignment, companies like DWS have too much interpretative freedom*." (Interviewee D)

This perspective introduces a more systemic dimension to the analysis. It suggests that ambiguity within DWS was not necessarily the result of deliberate misrepresentation, but rather a reflection of broader industry-wide fragmentation. Without enforceable standards or clear regulatory definitions, firms have considerable discretion in how they define and measure ESG. This view is further supported by Chatterji, Levine, and Toffel (2009), who argue that the absence of consistent third-party evaluation frameworks undermines the credibility of corporate sustainability claims, allowing firms to project an image of responsibility while maintaining operational flexibility.

The coexistence of these perspectives, one emphasizing intentional vagueness, the other highlighting regulatory gaps, reveals the multifaceted nature of ESG ambiguity. What emerges is not a binary distinction between honest misunderstanding and intentional deception, but rather a continuum of interpretive flexibility, shaped by organizational culture, external pressures, and market incentives.

Importantly, the internal consequences of this ambiguity were substantial. Interviewee C noted that disagreements frequently arose between product teams and compliance officers over whether specific funds met ESG standards. In the absence of a centralized ESG verification mechanism, such disagreements were often resolved by deferring to marketing, a department with strong commercial incentives and limited technical ESG expertise. This process undermined internal accountability and allowed externally facing ESG narratives to diverge from internal operational realities.

These findings echo the concerns raised by Lyon and Montgomery (2015), who argue that firms often treat ESG as a symbolic function — a means to satisfy stakeholder expectations without integrating sustainability into the core of business strategy. In the DWS case, the lack of clearly defined ESG benchmarks meant that even sincere sustainability efforts lacked institutional support and risked being overridden by profit-driven goals.

The diversity of interviewee accounts further strengthens the reliability of these observations. While the journalists highlighted public inconsistencies and weak verification mechanisms, the sustainability expert emphasized the challenges of aligning ESG definitions across fragmented regulatory contexts. Despite their differences, both perspectives converge on the idea that definitional ambiguity played a central role in enabling DWS to present itself as a sustainability leader while sidestepping concrete ESG commitments.

These findings contribute to existing literature by demonstrating how ambiguity is not merely a passive weakness but an active enabler of greenwashing. Existing scholarship has often emphasized on strategic misrepresentation (Delmas & Burbano, 2011), but the DWS case shows that definitional ambiguity operates at both levels of strategic misrepresentation and poor internal controls. It creates space for both intentional manipulation and inadvertent misalignment, complicating efforts to ensure ESG credibility.

The influence of marketing pressures on sustainability claims. The commercialization of sustainability emerged as a significant dynamic in the internal culture of DWS, particularly in how ESG products were presented to the public. Unlike the definitional or structural issues discussed earlier, the distortion here originated not from uncertainty but from deliberate branding strategies. Marketing departments were described as exerting strong influence over how products were labeled and communicated, often outpacing the organization's technical capacity to support such claims.

"*There was immense pressure from marketing to get the products out there with an ESG label. But the product teams were often underprepared to actually back up those claims.*" (Interviewee B)

This comment reflects not only an internal misalignment but also broader trends in the financial sector, where reputational and commercial incentives increasingly drive sustainability discourse (Eccles & Klimenko, 2019). Interviewee B's framing suggests that ESG labelling functioned more as a marketing tool than as a reflection of substantive sustainability analysis. Products were pushed to market quickly, with ESG descriptors affixed in response to investor demand rather than after thorough verification. This introduces a form of symbolic compliance, where sustainability is communicated without being internally institutionalized — a phenomenon observed by Delmas and Burbano (2011) in their typology of greenwashing strategies.

Interviewee D, the only respondent with a technical background in sustainability, provided an especially critical account of this disconnect. They described how DWS lacked a

unified narrative around ESG, with each department constructing its own version of sustainability to meet internal and external expectations.

"*There was no integrated ESG narrative internally. Marketing had their own version of ESG. Compliance had theirs. Product teams had to negotiate between these narratives, and that often meant ESG claims were diluted or selectively emphasized.*" (Interviewee D)

This fragmentation speaks to the absence of strong internal governance mechanisms. It also reveals that ESG integration at DWS was neither systematic nor cohesive. Instead, sustainability was filtered through department-specific agendas, with marketing playing a disproportionately visible role. The credibility of Interviewee D's insight is strengthened by their professional expertise, allowing for a deeper technical understanding of how cross-functional misalignment enables the spread of inconsistent or unsubstantiated ESG messaging.

Not all interviewees interpreted these dynamics as the result of deception. Interviewee A emphasized that the ESG inflation often stemmed from rushed timelines and misaligned priorities rather than explicit greenwashing intentions:

"*I don't think most of them set out to deceive. It was more like, 'Let's get this fund out by Q2,' and then ESG was squeezed in as an afterthought to meet the deadline.*" (Interviewee A)

This account suggests a more nuanced driver: performance pressure. Hahn et al. (2017) note that short-term commercial goals often crowd out ethical or sustainability considerations, especially when organizations lack institutional routines to incorporate ESG early in the decision-making process. From this angle, the marketing-related misrepresentations at DWS may not have always been deliberate, but their impact on stakeholder trust and product integrity remains comparable.

Interviewee C offered another perspective, highlighting how marketing language occasionally shaped the development of the product itself:

"*It often worked backwards. Marketing would launch a campaign, and then product and ESG teams would scramble to make it seem legitimate retroactively.*" (Interviewee C)

This reversal of logical sequencing, where communication precedes verification, further illustrates how the commercialization of ESG at DWS was not underpinned by institutional readiness. This process aligns with Christensen, Serafeim, and Sikochi (2021), who emphasize the rise of "credibility gaps" in ESG communication when transparency is emphasized more than accountability or substance. When the ESG claim becomes the starting

point rather than the result of integrated product development, the risk of misleading investors becomes systemic.

From a theoretical standpoint, this section of the interview data illustrates how market demand can distort organizational sustainability. The case of DWS shows that reputational capital was prioritized over authentic ESG integration, facilitated by the marketing department's disproportionate role in framing product claims. In effect, ESG became commodified, stripped of its evaluative rigor and repurposed as a label to attract capital inflows.

By synthesizing these interview accounts, the analysis highlights a key contribution of this thesis: the identification of marketing not merely as a passive conveyor of greenwashing narratives but as an active agent shaping ESG discourse inside financial institutions. While literature on greenwashing has often focused on governance failures or definitional ambiguity, the present findings underscore how internal marketing logics, particularly when detached from sustainability governance, can directly contribute to ESG misrepresentation.

The challenges faced by ESG teams within the bank.The interviews also revealed a stark disparity between the ambitions of DWS's ESG team and the organizational realities that limited their effectiveness. Despite a clear vision for integrating sustainability into core business practices, the ESG department was significantly constrained in its ability to drive impactful change. Interviewee D, a sustainability expert, candidly expressed the challenges faced by the team in influencing the company's broader strategy:

"*The ESG team had a vision, but without the backing of upper management, it was always going to be difficult to make a real impact.*" (Interviewee D)

This remark aligns with existing research on the dynamics between corporate governance and sustainability initiatives. Eccles & Klimenko (2019) discuss how ESG teams, when isolated from the decision-making power structures of the company, are often relegated to an advisory or compliance role. In these circumstances, ESG departments are unable to influence the company's strategic direction, and their efforts are often limited to superficial actions. This creates fertile ground for greenwashing, as the organization can present ESG credentials without actually embedding sustainability into its core operations.

Moreover, this power imbalance within DWS's corporate structure reflects a broader trend in the financial industry, where ESG teams are often seen as peripheral, rather than central, to the firm's mission. The ESG department's lack of access to key decision-makers at DWS meant that their initiatives were often sidelined, even if they had the potential to guide the firm towards more meaningful sustainability practices.

The importance of upper management backing for ESG teams is a point echoed by Interviewee B, who remarked on how sustainability was seen more as a buzzword than a real strategic goal:

"*You had the ESG team talking about climate risk and social responsibility, but when it came to the boardroom, those topics were rarely part of the conversation. It was always about the next quarter's profits.*" (Interviewee B)

This comment adds another layer of understanding to the ESG team's constraints. The boardroom's short-term focus on profitability further marginalized the importance of ESG in strategic discussions. This divide between the vision of ESG teams and the priorities of top management highlights a key gap in greenwashing literature: the need to investigate how corporate governance structures can either facilitate or hinder the integration of ESG objectives into corporate strategy. Without strong leadership endorsement, ESG teams remain ineffective, leaving room for superficial sustainability claims that ultimately contribute to greenwashing.

From an academic standpoint, this insight speaks to the concept of strategic misalignment discussed by Lyon & Montgomery (2015), who argue that when ESG goals are not embedded into the core business strategy, firms are more likely to engage in greenwashing. In DWS's case, the tension between the ESG team's long-term vision and the short-term profit-driven mindset of upper management created a situation where sustainability initiatives were treated as secondary concerns, leading to the appearance of compliance rather than true corporate transformation.

Importantly, these constraints faced by DWS's ESG team were not unique. Many companies, particularly in the financial sector, face similar challenges when trying to integrate ESG into their business model. According to Bansal & Roth (2000), the success of sustainability efforts in large organizations depends on the alignment of organizational structure with strategic sustainability goals. Without this alignment, ESG departments often struggle to break out of their compliance roles and become truly impactful.

However, it's important to note that not all interviewees fully agreed with this assessment. Interviewee C, while acknowledging the constraints, pointed to an internal resistance that went beyond simple lack of support:

"*Even when the ESG team had good ideas, there was often resistance from within. The real challenge wasn't just about getting the board on board — it was about changing the culture and mindset of the whole company.*" (Interviewee C)

This perspective highlights the deeper cultural issues at play. Internal resistance to change, especially in well-established firms, is often deeply ingrained and can present a major

hurdle to ESG integration. In DWS's case, the tension was not only structural but also cultural. The company's emphasis on profitability often overshadowed ESG efforts, with some employees viewing sustainability initiatives as a challenge to the firm's financial priorities rather than as an integral part of its long-term strategy.

Incorporating Interviewee C's observation into the broader context of organizational change theory, it becomes clear that meaningful ESG integration requires more than just structural alignment or management buy-in. It also requires a shift in organizational culture, where sustainability becomes not only a strategic goal but also a core value shared throughout the organization. This cultural shift is a critical step in overcoming the power dynamics that perpetuate greenwashing.

The challenges encountered by DWS's ESG team reflect broader organizational and cultural barriers to sustainability. Despite possessing expertise and intent, the team lacked institutional support, influence, and the authority to effect change. This disempowerment underscores the gap between rhetorical commitment and operational reality, demonstrating how internal resistance and limited leadership buy-in curtailed ESG progress and contributed to the persistence of greenwashing practices.

The impact of whistleblower actions in exposing greenwashing. The role of whistleblower emerged as a pivotal theme in the discussions about greenwashing at DWS. Whistleblower, Desiree Fixler, was highlighted by several interviewees as crucial in exposing the company's unethical practices, shedding light on the deep structural and ethical issues within DWS. These revelations raised significant concerns regarding the effectiveness of internal reporting mechanisms and their ability to address greenwashing before it became a public issue.

"*The company had channels for reporting issues, but they were so ineffective that Desiree had to go public. That was the only way to get attention.*" (Interviewee A)

This perspective is consistent with the findings of Near & Miceli (1995), who argue that whistleblowing is often the only recourse left for employees when internal mechanisms for reporting unethical behavior are inadequate. The expert's comment about the failure of DWS's reporting channels underscores the broader concern that without effective internal oversight and accountability structures, whistleblowers are left with no choice but to take their concerns public. In DWS's case, Desiree Fixler's decision to expose the greenwashing issue to the media not only attracted attention but also forced a reckoning that otherwise might have been avoided.

The lack of efficacy in DWS's internal reporting channels reveals a fundamental weakness in the company's governance structure. The failure to create a safe and functional avenue for employees to report misconduct not only emboldened unethical behavior but also allowed the greenwashing problem to persist unchecked. As Interviewee A pointed out, the only viable path for a whistleblower, when internal mechanisms fail, is to resort to public exposure, which often leads to reputational damage and legal consequences for the company.

Interestingly, Interviewee D, a sustainability expert, expanded on this by discussing the organizational culture at DWS. He argued that there was a culture of fear surrounding internal reporting, which discouraged employees from coming forward:

"*There was a fear of retaliation. The culture at DWS wasn't one that encouraged speaking up about unethical practices. Employees knew that whistleblowing could come with significant personal and professional consequences.*" (Interviewee D*)*

This insight brings attention to the cultural aspects that often underpin ineffective reporting mechanisms. Fear of retaliation and career damage can deter employees from using official channels, even when they are aware of misconduct. This points to a crucial gap in the corporate governance literature: the psychological and cultural barriers that prevent employees from reporting greenwashing and other unethical practices. As noted by Near & Miceli (1995), organizational cultures that punish or stigmatize whistleblowing create an environment where unethical behavior can thrive.

Additionally, the lack of robust internal reporting mechanisms raises important questions about the role of corporate governance in addressing greenwashing. Internal reporting systems are meant to provide employees with a safe space to raise concerns without fear of retribution. When these systems fail, companies are more likely to engage in practices that go unchecked until they are exposed externally, often by whistleblowers. The case of DWS shows that when employees are left with no alternative but to go public, they can significantly impact the company's reputation, as seen with the public fallout from Fixler's disclosures. This is consistent with the findings of Callahan & Dworkin (2000), who argue that the effectiveness of whistleblower protections is directly linked to the extent to which companies value ethical conduct and have mechanisms in place to ensure accountability.

Despite the critical role whistleblowers play, the process of going public can be fraught with consequences. The emotional and professional toll on individuals who expose corporate wrongdoing can be immense, especially when they are met with resistance or even retaliation from within the company. This was certainly the case with Desiree Fixler, whose public exposure of DWS's greenwashing led to her professional alienation and widespread media

attention. Nevertheless, as Interviewee A noted, Fixler's decision to go public was a direct result of the company's failure to act on her concerns internally, demonstrating the high stakes for both employees and companies when internal systems for accountability are weak.

In the context of DWS's greenwashing scandal, whistleblowing proved to be a critical mechanism for uncovering unethical practices that would have otherwise remained concealed. This emphasizes the need for financial institutions and other large corporations to not only establish strong internal reporting systems but also foster a corporate culture that supports transparency and accountability. Without these mechanisms in place, greenwashing can persist, as unethical behavior is allowed to go unnoticed or unchallenged.

Ultimately, the interviews underscore a fundamental aspect of corporate governance: the importance of providing employees with secure and effective channels for reporting unethical practices. When these mechanisms fail, the risks of greenwashing and other forms of corporate misconduct escalate, often leading to public revelations that cause lasting reputational damage. For companies like DWS, strengthening internal reporting systems and cultivating a culture that encourages ethical behavior and transparency are critical steps in preventing future greenwashing cases.

The erosion of stakeholder trust in ESG as a result of greenwashing. The interviews highlighted the long-term consequences of greenwashing for stakeholder trust in ESG practices, emphasizing that the fallout from the DWS scandal extended far beyond the company's immediate reputation. A recurring theme in the interviews was the profound impact on investor confidence, particularly in the reliability of ESG claims. As several experts explained, the DWS greenwashing case catalyzed a shift in how investors approach ESG investments, casting a long shadow over the credibility of ESG labels more broadly.

"*The damage is done. Investors are now more skeptical of ESG claims. They want transparency and verification, but how can they trust these companies?*" (Interviewee C)

This perspective captures the essence of the problem: greenwashing not only harms the reputation of the company directly involved but also undermines trust in ESG as a whole. It aligns with Berg et al. (2022), who assert that the erosion of trust in ESG labels could have a ripple effect, causing long-term damage to the broader market for sustainable investments. The skepticism voiced by Interviewee C reflects a critical concern, investors, who had previously relied on ESG labels as a proxy for sustainability, are now questioning the legitimacy of those claims. This erosion of trust goes beyond individual companies and raises a fundamental question about the credibility of ESG metrics and standards within the financial sector.

The point made by Interviewee C also highlights the gap in the current literature surrounding the long-term consequences of greenwashing on stakeholder trust. While much of the research focuses on the immediate impact of greenwashing on a firm's reputation or stock price, fewer studies have explored how repeated instances of greenwashing can reshape investor behavior over time. The DWS case illustrates how trust can be gradually eroded, with investors becoming more cautious, demanding greater transparency and verification.

Interestingly, Interviewee D, a sustainability expert, echoed this sentiment, emphasizing that the DWS scandal may have led to a broader shift in how investors approach ESG investments. However, Interviewee D added a nuanced perspective, suggesting that while there is heightened skepticism, there is also an opportunity for more rigorous standards to emerge from the crisis:

"*While there's a level of disillusionment now, this might push investors to demand more stringent and verifiable ESG standards. The challenge will be in finding a balance between regulation and market flexibility.*" (Interviewee D)

This insight introduces an important counterpoint to the concerns raised by Interviewee C. While the initial reaction to the DWS scandal has undoubtedly been one of skepticism, there is also the potential for greenwashing to act as a catalyst for positive change. As investors become more discerning, they may drive the development of more robust ESG standards and verification mechanisms. This notion aligns with the work of Eccles & Klimenko (2019), who argue that market forces, spurred by increased scrutiny, can ultimately lead to more rigorous and transparent ESG practices, provided that the demand for credible and verified information remains strong.

However, the risk remains that if companies fail to adjust their ESG practices in the wake of scandals like the one at DWS, this skepticism may solidify into a permanent distrust of ESG labels. Interviewee B, a journalist with expertise in financial markets, expressed concern that the long-term impact could result in a diminished appetite for ESG investments altogether:

"*The long-term damage could be irreversible. If ESG becomes synonymous with greenwashing in the eyes of investors, we might see a serious decline in ESG investments, which would set back the entire sustainable finance movement.*" (Interviewee B)

This point serves as a cautionary note: while there is potential for market-driven improvements in ESG transparency, there is also the danger that widespread distrust could discourage investment in ESG products altogether. The DWS case thus highlights a critical tension: the need for stronger ESG regulations to rebuild trust, while also ensuring that the

financial sector does not retreat from its commitment to sustainability due to reputational damage.

In addition to the concerns raised by the interviewees, the broader literature on stakeholder trust in corporate sustainability also supports the idea that greenwashing can have a lasting negative effect on investor behavior. For instance, Elkington's (1997) concept of the "triple bottom line" stresses the importance of integrating social, environmental, and financial factors in business decisions. If ESG practices are perceived as mere marketing ploys rather than substantive commitments, investors may become wary of the underlying sustainability claims, leading to a broader market retreat from ESG-focused investments.

The DWS case, however, may not be the end of the story. As both Interviewee D and Interviewee B alluded to, the damage done to investor confidence could ultimately lead to more stringent regulations and a more rigorous approach to ESG transparency. For example, regulatory bodies may introduce more robust reporting requirements or third-party verification processes to ensure that ESG claims are credible. This potential for reform could help to restore investor confidence over time, as long as the financial sector takes concrete steps to address the concerns raised by greenwashing.

In light of these findings, the importance of establishing preventive measures to combat greenwashing becomes even more critical. To address the challenges highlighted by the interviewees and restore trust in ESG claims, financial institutions like DWS must consider a comprehensive approach to ESG integrity. A checklist for preventing greenwashing (Table 8), compiled based on the author's analysis and the insights gathered during the interviews, provides actionable steps for organizations to improve transparency and accountability in ESG reporting.

Table 8

Checklist for Preventing Greenwashing in Financial Institutions

Preventive Measures	**Explanations**
Separate ESG strategy from marketing narratives	Ensure that sustainability communication is governed by compliance teams, not PR or branding departments.
Conduct ambition-capacity alignment checks	Before launching major ESG claims, verify whether operational capacity and internal expertise are sufficient to support them.
Audit for ESG definition inflation	Review how internal ESG classifications (e.g., "ESG-integrated," "sustainable") are defined and whether those definitions are used inconsistently across reports or departments.
Establish a cross-functional ESG integrity task force	Appoint representatives from legal, compliance, product, risk, and communications to jointly review and approve ESG disclosures.
Integrate whistleblower pathways specifically for ESG concerns	Create dedicated and protected channels for raising ESG-related doubts or inconsistencies — not bundled under general misconduct reporting.
Map ESG knowledge gaps across departments	Conduct internal assessments of ESG literacy across investment, legal, marketing, and executive units. Tailor training to close specific knowledge gaps.
Detect overconcentration of ESG claims in flagship funds	Review whether ESG marketing is overly focused on a few products that are not representative of the broader portfolio's sustainability performance.
Monitor for ESG message drift during reporting cycles	Compare language and positioning of ESG claims across quarterly and annual disclosures to detect gradual exaggeration or drift.
Create a "sustainability claim audit trail"	Document the origin, approval process, and supporting evidence for each major ESG claim — from first draft to publication — to ensure accountability.
Assess reputational incentives in ESG messaging	Identify whether ESG reporting timelines are aligned with key investor events (e.g., roadshows, fundraising), and test whether these moments pressure teams to exaggerate.
Introduce ESG friction checkpoints	Require senior-level ESG reviews to deliberately challenge, question, and even block ESG claims that do not meet substantiation thresholds — institutionalize dissent.

Source: Compiled by the author

These preventive measures, derived from the research and insights shared by the interviewees, offer a comprehensive approach to strengthening ESG integrity. By institutionalizing these processes, financial institutions can mitigate the risk of greenwashing and work towards rebuilding investor trust in ESG claims. Establishing clear and effective mechanisms for ESG reporting, enhancing cross-departmental collaboration, and encouraging transparency will be essential steps in preventing greenwashing in the future. This checklist not only addresses the immediate issues raised by the DWS case but also provides a roadmap for systemic change in how financial institutions approach ESG in the long term.

After conducting interviews with journalists and sustainability experts, the author draws several key conclusions regarding the situation at Deutsche Bank and its handling of ESG-related practices. The primary insights are as follows:

- The lack of standardized and consistent definitions of ESG across different departments within DWS created a significant vulnerability, enabling greenwashing to occur.
- Despite the growing demand for ESG-compliant products, marketing pressures played a crucial role in overstating the sustainability of financial offerings, particularly when product teams were underprepared to substantiate such claims.
- Whistleblower revelations, such as those from Desiree Fixler, were pivotal in uncovering greenwashing practices, highlighting the failure of internal reporting mechanisms.
- Greenwashing at DWS had severe consequences for stakeholder trust, particularly investor confidence, in ESG claims. This has led to heightened skepticism and calls for greater transparency and verification in ESG reporting.

This study sought to address the gap in the literature by examining the events that led to the exposure of greenwashing at Deutsche Bank. By identifying the key drivers behind the scandal, exploring the actions taken by the bank and regulators, and analyzing the long-term effects on the bank's sustainability strategy, policies, and reputation, the author has contributed new perspectives to the understanding of greenwashing in the financial sector.

Through the interviews, the author has come to the conclusion that while DWS faced significant internal and external challenges, its experience serves as a cautionary tale for other financial institutions. Despite the pressures, the organization's ongoing efforts to address the consequences of greenwashing and rebuild its reputation highlight the importance of stronger governance, clearer ESG definitions, and better alignment between marketing and sustainability practices.

The author believes that by implementing the targeted recommendations outlined in the checklist, financial institutions can better manage ESG risks and avoid greenwashing in the future. The lessons learned from this case study offer valuable insights for improving ESG governance and communication, ultimately contributing to a more accountable and transparent financial sector.

Conclusion

Greenwashing has emerged as a growing concern in the financial sector, particularly within large institutions such as Deutsche Bank and its asset management subsidiary, DWS. As environmental, social, and governance (ESG) factors become increasingly central to investor decision-making and public accountability, the pressure on financial institutions to communicate sustainability credentials has intensified. However, this increased demand has also led to cases of ESG misrepresentation, where companies present themselves as more environmentally or socially responsible than they actually are. The thesis set out to investigate this phenomenon by exploring the *internal drivers* of greenwashing within DWS, with the goal of identifying structural weaknesses that allow such practices to occur and proposing measures to prevent them.

The research was grounded in a solid theoretical framework that examined greenwashing as both a reputational and governance issue. Through the review of existing literature, the thesis highlighted how organizational culture, incentive structures, and fragmented ESG definitions contribute to a misalignment between sustainability claims and operational realities. While prior studies often focus on consumer-facing sectors, this thesis addressed a gap in the literature by analyzing greenwashing within a financial institution, a context where ESG misrepresentation can undermine market stability and investor trust.

The empirical part of the thesis revolved around a detailed case study of the greenwashing scandal at DWS, which drew public and regulatory attention following whistleblower reports from former sustainability chief Desiree Fixler. Through an analysis of public events, company communications, and interviews with four industry professionals—three financial journalists and one sustainability expert, the thesis uncovered how internal structures, such as weak ESG coordination, inconsistent terminology, and pressure from top management, contributed to the misalignment between DWS's sustainability messaging and its actual practices. The insights provided by these interviewees offered a nuanced understanding of how systemic organizational flaws can perpetuate misleading sustainability claims. In particular, the findings emphasized how internal dysfunction, rather

than individual misconduct, can foster an environment where greenwashing becomes normalized.

The thesis concluded that greenwashing is rarely the result of isolated deception, but more often the outcome of organizational inefficiencies, underdeveloped ESG infrastructures, and misaligned strategic priorities. In this context, addressing greenwashing requires more than public scrutiny or regulatory intervention; it necessitates internal reform. Based on the research findings, a set of practical recommendations was proposed, including enhancing ESG literacy across departments, ensuring alignment between sustainability goals and operational capacity, fostering cross-departmental collaboration, and increasing transparency through more robust internal reporting mechanisms. These measures aim to support financial institutions in achieving more credible and accountable ESG practices, thereby reducing the risk of greenwashing and restoring stakeholder trust.

Although this thesis offers original insights into the internal mechanisms behind greenwashing at DWS, it is important to recognize its limitations. The research relied on interviews with external experts and public sources, as access to internal employees, regulatory authorities, or confidential data was not possible. As a result, certain aspects of internal decision-making and compliance structures could not be fully explored. Additionally, the long-term financial consequences of the greenwashing allegations, including shifts in investor confidence, changes in stock performance, or reputational recovery, were beyond the scope of this study.

Nevertheless, this thesis lays the groundwork for future research. Subsequent studies could benefit from interviews with compliance officers, sustainability teams, or whistleblowers to obtain a more comprehensive view of internal governance practices. Comparative research across multiple financial institutions or jurisdictions would also be valuable in identifying whether the issues observed at DWS are systemic across the industry or unique to a specific organizational context. Moreover, longitudinal studies analyzing how greenwashing allegations affect financial performance and public trust over time could deepen our understanding of the broader consequences of ESG misrepresentation.

Ultimately, this thesis contributes to the evolving conversation about sustainable finance by shifting the focus inward, towards the organizational conditions that give rise to greenwashing. As regulatory frameworks such as the Corporate Sustainability Reporting Directive (CSRD) and the EU Green Taxonomy continue to shape the ESG landscape, ensuring internal consistency, accountability, and transparency will be critical for financial institutions striving to move beyond superficial sustainability narratives. The findings of this research

underscore the importance of addressing greenwashing not only as a communications issue but as a deeper structural problem, one that demands strategic, systemic, and cultural reform within the financial industry.

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APPENDIX A

Questions for the interview

Topic	Question
Experience with the Deutsche Bank Case	Can you describe your experience covering Deutsche Bank's greenwashing case?
Sustainability Communication and Red Flags	From your experience, what have been the main red flags in Deutsche Bank's sustainability communication?
	Did you notice any patterns in how Deutsche Bank framed its ESG narrative before and after the allegations?
Regulatory Response to Greenwashing	Have you noticed a shift in how regulators respond to greenwashing claims, particularly in the Deutsche Bank case?
Reputation and Public Perception	Based on your reporting, how do greenwashing scandals affect the long-term reputation of Deutsche Bank?
	In your experience, how did media coverage, including your own reporting, influence public perception of Deutsche Bank during the greenwashing controversy?
Case Specifics and Uniqueness	What do you think made the Deutsche Bank/DWS greenwashing case stand out compared to others?
Governance and Internal Change	Do you think that Deutsche Bank improved its governance after the allegations? If so, what improved?
	In the aftermath of the allegations, how have Deutsche Bank and DWS responded? Have they taken meaningful steps to rebuild credibility?
	What role does corporate governance play in preventing greenwashing, and do you think Deutsche Bank's governance structure contributed to the issue?
	Do you think DWS has made any real

	improvements in its ESG practices since the scandal, or is there still skepticism around their commitments? What insights can you provide about the internal decision-making processes at Deutsche Bank during the crisis? What factors do you think caused greenwashing in Deutsche Bank?
Trust and Stakeholder Reactions	How do you think trust—both within Deutsche Bank and among its investors—was affected by the scandal? How did the allegations affect the confidence of investors and clients in Deutsche Bank's ESG commitments?
Intentions and Execution of ESG Goals	Given your coverage of the case, do you think Deutsche Bank genuinely intended to mislead, or was this a case of overambitious ESG commitments that failed in execution?

Resümee

ROHEPESU TAGAJÄRJED FINANTSASUTUSTES: DEUTSCHE BANKI TÜTARETTEVÕTTE DWS JUHTUM

Jiya Rahul Sheth

Rohepesu on muutunud üheks suurimaks probleemiks finantssektoris, eriti pankades ja investeerimisfondides, kus keskkonna, sotsiaalsete ja juhtimisalaste (ESG) kriteeriumide täitmine on saanud investorite ja avalikkuse jaoks üha olulisemaks. Siiski on paljude organisatsioonide puhul esinenud olukordi, kus ESG väited ei vasta tegelikkusele, mis on toonud kaasa tõsiseid mainekahjusid ja tekitanud usaldamatust. Üks sellistest juhtumitest on Deutsche Banki tütarfirma DWS Groupi rohepesu skandaal, mis tõi esile mitmed süsteemsed probleemid organisatsiooni ESG kommunikatsioonis ja sisekontrollis.

Käesoleva töö eesmärk on uurida rohepesu ajendeid DWS juhtumi näitel, keskendudes organisatsiooni struktuurile, juhtimismeetoditele ja sisekommunikatsioonile kui võimalikele teguritele, mis soodustavad eksitavate ESG väidete esitamist. Selle eesmärgi saavutamiseks uuritakse esialgu rohepesu mõistet, selle põhjuseid ja tagajärgi finantssektoris ning analüüsitakse, kuidas ettevõtted, sealhulgas pangad, saavad oma tegevust reguleerida, et vältida eksitavat või valeinformatsiooni jagamist. Samuti käsitletakse seda, kuidas rohepesu võib kahjustada ettevõtte usaldusväärsust, investorite usku ja pikas perspektiivis ettevõtte majanduslikku heaolu.

Töö teoreetiline osa tutvustab rohepesu mõistet ning selle olemust finantssektoris, kus jätkusuutlikkuse kriteeriumid on muutunud võtmeteguriks. Samuti uuritakse, millised on kõige levinumad põhjused, miks finantsasutused võivad rohepesu praktiseerida, näiteks liialdatud lubadused keskkonnaalaste investeeringute kohta või valesti esitatud andmed. Ühtlasi tõstetakse esile, kuidas regulatiivsete nõuete eiramine ja sisemised survekeskused võivad põhjustada valeteabe levikut.

Empiirilises osas keskendutakse DWS juhtumiuuringule, analüüsides mitte ainult ettevõtte ametlikke aruandeid, vaid ka ajakirjanduse ja ekspertide seisukohti. Intervjuud ajakirjanike ja jätkusuutlikkuse ekspertidega paljastavad, kuidas organisatsioonisisesed tegurid, nagu strateegiliste eesmärkide ebaselgus, kommunikatsioonivõrgustike puudulikkus ja ettevõtte kultuuri omadused, võivad soodustada eksitavate ESG väidete tegemist. Samuti uuritakse, kuidas DWS rohepesu juhtum on mõjutanud ettevõtte mainet ja usaldusväärsust, analüüsides ka selle mõju aktsiahindadele ja regulaatorite sekkumisele.

Tulemuste põhjal on selge, et rohepesu vältimine ei ole ainult vastavusküsimus, vaid ka strateegiline vajadus, et hoida ära finantskuritegude ja mainekahjude riske. Ettevõtted ja

finantsasutused peavad rakendama täpset ja läbipaistvat ESG strateegiat, tugevdama sisekontrolli mehhanisme ja looma kultuuri, mis soodustab eetilisi otsuseid. Samuti on oluline, et regulatsioonide kaudu tagatakse, et ettevõtted ei saaks rohepesu praktiseerida ega kõrvale hiilida vastutusele võtmise kohustusest.

Kokkuvõttes uurib see töö põhjalikult, kuidas rohepesu ja organisatsioonilised tegurid on omavahel seotud ning kuidas need mõjutavad finantsasutuste usaldusväärsust ja jätkusuutlikkust. Samuti pakub töö lahendusi, kuidas ennetada rohepesu ja kuidas finantssektor saab tagada usaldusväärse ja eetilise tegevuse jätkumise.

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Consequences of Greenwashing in Financial Institutions: The Case of Deutsche Bank's Subsidiary DWS

Supervised by Lecturer Mark Kantšukov (PhD)

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Jiya Rahul Sheth

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